

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
SCOTT D. KATHERINE	:	VIOLATION:
		18 U.S.C. § 1347
	:	(health care fraud- 1 count)

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At times material to this information:

1. Defendant SCOTT D. KATHERINE was the Chief Operating Officer and Corporate Compliance Officer for Inglis Durable Medical Equipment Co., Inc. (Inglis DME), located in Bristol, Pennsylvania. Defendant KATHERINE was primarily responsible for the operations of Inglis DME.
2. Inglis DME received referrals from physicians, hospitals and other health care providers for the evaluation of patients and the provision of durable medical equipment including appropriate wheelchairs to meet the patients' specialized needs.
3. Inglis DME provided wheelchair manufacturers with the relevant specifications as part of the ordering process. Once Inglis DME received the wheelchair from the manufacturer, it was responsible for the wheelchair's delivery to the patient. Upon delivery to the patient, Inglis DME provided the wheelchair-bound patient with training regarding the proper use of the wheelchair.

4. Inglis DME paid the manufacturer for the power/motorized wheelchair and billed various third-party payers for reimbursement. Third-party payers paid various amounts based on what was provided to the patients to meet the patients' needs.

5. After receiving the referral and having evaluated the patients, defendant SCOTT D. KATHERINE prepared what is known as the Certificate of Medical Necessity (CMN) that identified the type of chair required by each patient and the corresponding billing code (K code). The CMN was then forwarded to the referring physician for signature by defendant KATHERINE or other employees of Inglis DME.

6. Defendant SCOTT D. KATHERINE also prepared a Letter of Medical Necessity (LMN) that delineated all of the specifications and accessories that needed to be added to the wheelchair based on the medical needs of the patients. The LMN was forwarded to the referring physician for signature by defendant KATHERINE or other employees of Inglis DME.

7. Defendant SCOTT D. KATHERINE was responsible for preparing specification sheets that were submitted to the wheelchair manufacturers that identified the appropriate chairs as ordered by the referring physicians, coupled with the additional accessories required to address the patients' specialized needs.

8. Once the wheelchair was shipped to Inglis DME by the wheelchair manufacturer, defendant SCOTT D. KATHERINE delivered the wheelchair to the patient and was responsible for educating the patients on the proper usage of the wheelchair. Defendant KATHERINE also was responsible for making any necessary repairs on the wheelchairs once they had been delivered to the patients.

9. In order to obtain payment for the motorized/power wheelchairs from the Medicare Program, a signed and valid CMN had to be provided to the durable medical

equipment carrier (DMERC) for payment coverage by the Medicare Program. As set forth in coverage and payment rules issued by the DMERC, a patient who requires a power wheelchair usually is totally nonambulatory and has severe weakness of the upper extremities due to a neurologic or muscular disease or condition. The Medicare Program pays 80% of the allowed purchase price while the beneficiary is responsible for 20% coinsurance amounts.

THE SCHEME

10. Defendant SCOTT D. KATHERINE submitted and caused to be submitted through employees of Inglis DME, fraudulent claims to the Medicare Program and other third-party payers for motorized/power wheelchairs.

11. In furtherance of his scheme to defraud the Medicare Program and other insurance companies, defendant SCOTT D. KATHERINE billed highly specialized K14 motorized wheelchairs when in fact K11s (much cheaper wheelchairs) were provided. Additionally, defendant KATHERINE upcoded accessories and other equipment associated with motorized wheelchairs, that is, billed for items that were costly but were, in fact, not provided, such as power tilt and recline seating systems, power elevated leg rests, and seat cushion enhancements. Defendant KATHERINE also caused the billing of "used" wheelchairs as new to the Medicare Program. Finally, defendant KATHERINE fraudulently completed the CMNs from the physicians prescribing motorized wheelchairs, manual wheelchairs, rentals and/or accessories for their patients.

12. As part of the scheme to defraud the Medicare Program and other third-party payers, defendant KATHERINE falsified the purchase order forms relating to the motorized wheelchairs and their accessories. Specifically, defendant created two sets of purchase order

records: one supporting the higher billings to the Medicare Program, and one that was sent to the wheelchair manufacturer ordering a cheaper base wheelchair without the enhanced accessories.

13. The victims of this scheme included patients who were severely disabled and unable to care for themselves as a result of physical conditions or debilitating diseases such as Amyotrophic Lateral Sclerosis (ALS) disease (also known as Lou Gehrig's disease).

14. From on or about April 1998 to until or about October 2, 2003, in the Eastern District of Pennsylvania, defendant

SCOTT D. KATHERINE

knowingly and willfully executed a scheme to defraud health care benefit programs, that is, the Medicare Program and other health care benefit programs, and to obtain money and property owned by and under the custody and control of those health care benefit programs, by means of false and fraudulent pretenses, representations, and promises, in connection with the delivery of, and payment for, health care benefits, items and services, by submitting and causing the submission and payment of fraudulent health care insurance claims for motorized/power wheelchairs and accessories that defendant knew were never provided, in the total approximate amount of \$264,000.

In violation of Title 18, United States Code, Section 1347.

PATRICK L. MEEHAN
UNITED STATES ATTORNEY